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SUBJECT: LATVIAN PASSPORT SCANDAL CAUSE FOR SERIOUS CONCERN

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11. (S/NF) Summary: A scandal involving the issuance of at least 100 passports to individuals not eligible for Latvian passports has dominated the news in Latvia in recent days. The scheme, which allegedly involved passports issued in 2004-05, appears to have involved multiple individuals in the passport issuing agency. The GOL's response to date, both internal and external, has been lacking. The foreign minister first learned of the scandal from the press and despite multiple days of pressure by us, the GOL has yet to provide us any official information on the incident or the names and passport numbers of the illegally obtained documents. PM Godmanis continues to assert in the press that this will have no effect on Latvia's eligibility to join the visa waiver program. Intelligence information leads us to believe that the scandal is even more serious than the government is admitting and that it likely does not yet know the true extent of the problem. While we have stressed that the administration continues to support Latvia's membership in VWP, we have been clear that this is the type of incident that opponents of the program will seize on to argue that it should not be expanded. We have pressed the GOL to be fully forthcoming with us in providing as much information as quickly as possible, noting that this is what would be expected of them should they enter the VWP. We have encouraged them to give their Ambassador in Washington information to brief both State and DHS on the issue. If that does not happen soon, Washington agencies may wish to consider calling in the Ambassador to stress the importance of full transparency on an issue like this. End summary.

What we know from the press  
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12. (U) Starting January 7, the Latvian press has been dominated by information that a police investigation has revealed that approximately 100 Latvian passports were issued illegally in 2004 and 2005 to applicants who were not Latvian citizens. Latvian news reports that most passports were issued to citizens of CIS countries and Russia. Estimates are that each passport cost as much as 100.000 euros (\$147,135). The news daily Diena reported that the discovery of the illegal passports was accidental, and that it was uncovered during the investigation of another case. Latvian Prime Minister Ivars Godmanis states that all passports have been located and that holders will no longer be able to use them. Press reports state that the fraudulently-obtained passports allowed some to purchase lucrative property in Jurmala, a coastal city near Riga.

13. (U) According to press reports, law enforcement has currently identified nine suspects in this case, some of whom work for the Latvian Office of Citizenship and Migration

Affairs (PMLP), the institution responsible for issuing passports. Many suspects are former and current State officials who reportedly counterfeited documents to support Latvian passport applications. Two suspects have been remanded in custody. More suspects are expected to be named. Olita Magone, director of the secretariat of the minister with the special portfolio for E-government, resigned from her position on January 2. She is the former director of the Population Register Department at the PMLP and has been named a suspect in the case.

¶4. (U) In fall 2007, when the Latvian Security Police took over the investigation, an employee from the Citizenship and Migration Board drowned in the Daugava River. He worked in the division of the PMLP which handled individual cases and monitored the status of individuals. Some press sources have stated that he was a key witness in the case, but this cannot be confirmed. Police have ruled the death a suicide and said there is no connection to the case.

¶5. (U) PM Godmanis has publicly stated on several occasions that the scandal will not affect the implementation of the U.S. visa waiver program. During a television interview Godmanis stated that the discovery of the passport buying scheme shows that the Latvian authorities are capable of "detecting such processes", and that "(the system is capable of self-purification, and it is good."

¶6. (U) The PMLP has tasked a special commission to look into how to stop the unlawful issuance of passports in the future. According to the director of the Citizenship and Migration Board (PMLP), Vilnis Jekabsons, to address the current situation, requests for information about specific individuals have been sent to "the relevant institutions in Latvia and abroad." During the continuing investigation,

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1,200 records have been checked to date, and data on 79 unlawfully registered persons have been annulled.

¶7. (U) Additionally, Jekabsons asserts that the security of the population register has been significantly improved. In 2006 the PMLP introduced a new Population Register system which "reduces to the minimum" the possibility that unlawful data could be entered, including strict checks before passport issuance. Jekabsons has also forwarded names to the Interior Ministry about former PMLP employees who may also have suspect motives.

What we know from the GOL  
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¶8. (S/NF) To date the best source of information we have is from ref B (dated November 5, 2007), which was obtained clandestinely and cannot be revealed to Latvians. We have pressed the MFA on several occasions to provide us any information they might have. Charge met January 9 with MFA State Secretary Penke. Charge stressed that this is a serious issue and that statements by the PM that this will not affect visa waiver were surprising since there had been zero communication between the GOL and the USG on this issue.

Penke agreed and said FM Riekstins was very concerned. He said the MFA first learned of the scandal from the same press reports as the Embassy and had been trying for several days without success to get information from the Security Police who are leading the investigation. (Comment: Post finds this highly unlikely given the date of ref B. End comment.)

¶9. (S/NF) On December 10, Penke called the Charge to claim that the information on all the names and passport details had been passed to USG reps on August 6, 2007. (Comment: In the January 11 follow-up meeting Penke also stated that this information had also been forwarded to Interpol. End Comment.) We believe that Penke is referring to information passed by the Security Police to post GRPO and reported ref A (and entered by post's CONS section to CLASS). When that information was provided there was no context behind it to

indicate that it stemmed from any problems in the passport office. When the press reports first surfaced, post GRPO contacted the Security Police and asked if the August list was the same as that in the press and was told no. Security Police contacts told post GRPO that they believed about 20 percent of the August list corresponded to the 100 passports referred to in the press, but they could not verify that as the investigation was ongoing and they, themselves, did not know. A request by post's RSO to the Security Police to provide us all the names and passport numbers for the illegally obtained documents was denied and RSO was told the information was "too sensitive." It is our view that, to date, the GOL has not officially provided the USG a list of the passports and names of people to whom the fraudulently-obtained passports were issued, although Penke committed to the Charge to do so. Further follow up by GRPO with the Security Police on January 11 resulted in the provision of a &working list8 of 79 names. According to the Security Police, this list came with the caveat that the MFA will soon pass the Embassy a list officially so the Embassy should take no action until the MFA does so. Penke stated during the January 11 follow-up meeting that they would be receiving and would forward to us on Monday, January 14 a list of names from the Security Police.

¶10. (S/NF) In the January 9 and 11 meetings, Charge stressed to Penke that honest and timely communication with the U.S. government both in Riga and Washington were paramount to maintaining the U.S. perception of Latvian reliability, especially with reference to the VWP. Post also underlined that sharing this kind of information on a timely basis would be a requirement once the program was enacted. Penke assured Charge that FM Riekstins was committed to ensuring full cooperation with the USG but was facing communication challenges within the GOL. Charge also referenced PM Godmanis' comments that all passports issued fraudulently have been collected and that a repeat of the problem was not possible with Latvia's new, more secure passports. Charge asked how the government could be sure that it had all the documents in question in hand and noted that since the problem seemed to involve corruption in the issuing agency, the strength of the new document would not obviate the possibility of it being issued to someone who was not eligible for it. Penke took both points on board. Information passed to GRPO unofficially by LSP on January 11, which we cannot share with others in the GOL, directly refutes Godmanis' statements. LSP stated that of the 79 names confirmed to be involved, authorities do not have physical possession of all the passports. Also, this does not include an additional 20 to 30 names, which are still under

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investigation.

¶11. (S/NF) Although the death of a former passport official is being called a suicide and unrelated to the investigation (para 4 above), intelligence information suggests otherwise. As reported ref B, GRPO had information that the death was a murder to cover up the fraud. Because of the source of the information, we were not been able to confront anyone in the GOL to ask if the death was connected to the list passed to us a few months before.

¶12. (S/NF) Comment: This scandal has completely overwhelmed the Latvian government and is evidence of one of the criticisms of Godmanis as a manager -- that he compartmentalizes too much and does not bring in others before making decisions. Our meetings with the MFA and official requests to the security police make clear that the GOL does not seem to know the full scope of the scandal and that information is not being shared within the government. Yet, Godmanis is publicly pronouncing on things in a very confident manner. In fact, we do not believe that there is any way to tell at this point the scope of the scandal. The publicly available information is contradictory and the Security Police tell us one thing in intel channels, another

in law enforcement channels and still a third version to others in the GOL. The PM says that all passports concerned have been collected, but other government sources say that many of the people to whom the passports were issued are outside of Latvia. If so, it would be an unprecedented example of law enforcement cooperation to retrieve them from people outside the country. It is also unclear whether those who obtained the documents through fraud will themselves be investigated and charged with crimes. And the government remains unable to provide a full list of all passports in question. Frankly, the government has been in damage control mode from the start and has not gotten off the back foot in explaining the entire situation.

¶13. (C) Comment, cont'd: While stressing that we support Latvian admission to the VWP, we have underscored to the GOL that a major scandal of corruption in the passport office is exactly the kind of issue that opponents of the VWP will seize on to thwart its expansion. Charge stressed during the January 11 meeting that it was of highest importance that the GOL restore our faith in the integrity of the Latvian passport issuing system. Post has strongly encouraged the GOL to give their Ambassador in Washington any available information to brief both State and DHS on the issue. If that does not happen soon, Washington agencies may wish to consider calling in the Ambassador to stress the importance for Latvia's VWP aspirations of full transparency on an issue like this. End Comment.  
SELDOWITZ